

Message Text

SECRET

PAGE 01 LIMA 02073 092216Z
ACTION SS-25

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TO SECSTATE WASHDC 9062

S E C R E T LIMA 2073

EXDIS

E.O. 11652: GDS
TAGS: EFIN, PE
SUBJECT: PERU

REF: (A) STATE 060413; (B) LIMA 1953

1. IT SHOULD BE NOTED THAT THE FACT OF PERU'S CURRENT STATE OF NON-COMPLIANCE WITH THE IMF TARGETS HAS BECOME WIDELY KNOWN HERE. THE MAGAZINE CARETAS, IN A PIECE ON LINDA KOENIG'S MISSION, REPORTS THAT SHE EMPHASIZED TO GOP AUTHORITIES QTE THE NECESSITY TO CREATE NEW TAXES AND TAX RATES WHICH WOULD YIELD SOLES 15 MILLION ADDITIONAL FOR THE NATIONAL BUDGET UNQTE. CARETAS ALSO ASSERTS THAT MS. KOENIG LEFT BEHIND A MEMORANDUM FOR THE GOP AGAIN CALLING FOR A REDUCTION IN THE FISCAL DEFICIT AND SUGGESTING AN INCREASE IN THE PRICE OF GASOLINE. SHE HAD PURPORTEDLY NOT MENTIONED THIS LATTER POINT PREVIOUSLY AND, ACCORDING TO CARETAS, PRESIDENT MORALES BERMUDEZ WAS SO IRRITATED AS TO TAKE THE POSITION THAT MS. KOENIG SHOULD NOT AGAIN VISIT PERU AND THAT THE IMF SHOULD SEEK ANOTHER EMISSARY.

2. OUR OWN IMPRESSION HERE, AS INDICATED IN REF B, WAS THAT THE FISCAL DEFICIT PROBLEM WOULD NOT PREVENT PERU'S EARLY DRAWING THE SECOND TRANCHE IF THE NECESSARY ADJUSTMENT IN
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THE EXCHANGE RATE WERE MADE. WE ASSUMED THAT THE GOP WOULD HAVE TO ADVISE THE FUND OF THE STEPS IT PLANNED TO TAKE TO REDUCE THE FISCAL DEFICIT TO THE TARGET RANGE BUT THAT IMMEDIATE MEASURES TO ACHIEVE THIS WOULD NOT BE REQUIRED FOR DRAWING. (THE RUMOR HERE IS THAT THE GOP PLANS TO RAISE THE PRICE OF GASOLINE IN JUNE). REF A IS NOT ENTIRELY CLEAR ON THAT POINT. WE WOULD BE INTRESTED

IN KNOWING IF THE FUND DOES IN FACT LOOK FOR THE ADOPTION
OF NEW MEASURES ON THE REVENUE SIDE AS A PRE-REQUISITE FOR THE
DRAWING.
SHLAUDEMAM

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NNN

Message Attributes

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